Joint Sampling of Coal

769. SHRI DEEPANKAR MUKHERJEE:

SHRI M. A. BABY:

Will the Minister of COAL be pleased to state:

(a) whether Government have assessed the performance of the "Public Analysis", appointed by the Coal Controller for joint sampling of coal at loading centres;

(b) whether the State Electricity Boards are by and large satisfied with this new system of joint sampling;

(c) what was the reason for discontinuing the practice of determination of coal quality at the receiving end i.e. at the Power Stations;

(d) whether Government have received any representation relating to the quality and quantity of coal supplied to Power Stations from the Central Electricity Authority and/or the Council of Power Utilities and/or from the SEBs; and

(e) if so, what steps are being taken by Government in this regard?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRI AJIT KUMAR PANJA): (a) and (b) As of now Coal controller has not appointed 'Public Analysis' for joint sampling at the loading ends, Instead, persons under administrative and functional control of the Coal Controller have been engaged to check the quality of coal despatched from different loading points of Coal India Limited. The State Electricity Boards have not yet accepted this method of sampling.

(c) to (e) Coal companies are responsible for supply of correct quality and quantity of coal at the pit heads. This is also the point where the property (Coal) is transferred to the consumers or their transport agents. The quality and quantity of coal supplies have to be verified by the consumer at the point where he or his agent takes possession and any discrepancy regarding weight and quality should be sorted out on that basis. The legal responsibility of the supplier ceases as soon as the property is transferred. This is also the position under Sales of Goods Act.

Government has also taken a decision that an independent third party inspection agency for quality assurance in coal should be established, preferably through the Coal Controller's Organisation on a self-financing basis. All such quality inspections should be done at the colliery end before despatch and not the consumers and after receipt, Government is of the view that coal supplies to major consumers should be governed by a mutually negotiatd commercial agreement between the supplier and the buyer.

Average increase in Coal Price

770. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of COAL be pleased to state:

(a) what has been the rationale and basis for increasing the prices of coal by an average of 5.25 percent in June, 1994, 4.5 percent in June, 1993 and by 13 percent in February, 1993;

(b) whether these price increases were in accordance with the guidelines of the BICP and if so, what are the details and justifications therefor;

(c) to what extent it was possible to avert these price increases, either partially or wholly, by liquidation of huge inventories; and

(d) the reasons for large accumulation of stocks and for not adopting the prudent inventory management policy system?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRI AJIT KUMAR PANJA): (a) Based on a detailed study of the coal production costs from representative

mines and determination of normative production costs, Bureau of Industrial Costs and Prices (BICP) in Jan., 1987 recommended a base price of Rs. 210 per tonne of coal for Coal India Ltd. (CIL). BICP also recommended application of an escalation formula, prescribed by them, for subsequent revision of coal prices consequent to increases in prices of inputs.

Since then, Govt. have been revising the prices of coal periodically based on the escalation formula.

(b) The increases in prices of coal in June, 1994, June, 1993 and Feb., 1993 were made in consultation with BICP. The details are as under:—

(i) A price increase of 5.25 per cent was allowed in June, 1994 to neutralise the increase in All India Consumer Price Index and escalation in prices of explosives, stores and power between November, 1992 and November, 1993 and of POL between November, 1992 and February, 1994. A small amount was also provided towards increased net-block per tonne.

(ii) Increase in coal prices in June, 1993 by 4.95 percent was allowed to neutralise the impact of increase in the rate of Variable Dearness Allowance from Rs. 1.65 per man month per point to Rs. 2.00 per man month per point (over 800 points) w.e.f. 1.1.1989.

(iii) Increase in coal prices in Feb., 1993 by 12.7 percent was allowed to neutralise rise in All India Consumer Price Index between August, 1991 to November, 1992, escclation in prices of explosives POL & other stores power between June, 1991 to November, 1992 and to neutralise for increase in interest on Working capital and increase in Net Block per tonne mainly arising from replacement of old assets.

(c) Increases in coal prices are being allowed as per escalation formula prescribed by BICP. The price allowed provides for interest on working capital at normative level. The liquidation of inventories would therefore have no impact on the price of coal allowed under BICP formula.

(d) There was no accretion of the coal stocks with Coal India Ltd. (CIL) during 1993-94. CIL stocks, in fact, went down during the year. According to CIL the accumulation of Coal stocks during earlier years was mainly for the following reasons:—

(i) Higher assessment of coal demand and fixation of annual targets of coal production on that basis;

(ii) Slippages in despatches due to bottle necks of rail and road transport;

(iii) Zonal mismatches between coal availability, demand and transportation;

(iv) Stagnation in coal despatches by Road for several years.

Import of coal by State Governments

771. SHRI T. VENKATRAM REDDY: Will the Minister of COAL be pleased to state:

(a) whether Government have permitted some of the State Government to import coal for their use;

(b) if so, the names of the States which have been permitted; and

(c) the quantity of coal that has since been imported by them by 31st May, 1994?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRI AJIT KUMAR PANJA): (a) to (c) Coal can be freely imported under present Export and Import Policy and as such there is no need for any licence/permission from government of India for its import. However, import duty at prevalent rates has to be paid on such imports.